

An organization created to maintain an amateur baseball association made up of baseball teams with amateur players of college age is exempt under section 501(c)(4) of the Code.

Advice has been requested whether a nonprofit organization created for the primary purpose of maintaining an amateur baseball association and conducting amateur baseball games among its member teams is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code of 1954.

The organization was formed to unite those interested in advancing amateur baseball for young men of college age, and to develop a program of sportsmanship, character-building, citizenship, and physical and mental well-being.

The organization establishes summer baseball schedules and sets standards, policies, and ethics that govern the member teams in a particular community. Its operating funds are obtained through league fees, forfeit fees, and tournament fees paid to it by the various member teams. The funds are used to purchase trophies and to pay umpires, ballboys, insurance, and other necessary costs. The players do not receive any pay or share in the funds of the organization.

Section 501(c)(4) of the Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one that is operated primarily for the purpose of bringing about civic betterments and social improvements.

By helping to develop good sportsmanship, high character, and the physical and mental well-being of young adults through the operation of an amateur baseball league, it is held that the organization is promoting the common good and general welfare of the people of the community. Accordingly, this organization is exempt from Federal income tax under section 501(c)(4) of the Code. Compare Revenue Ruling 55-516, C.B. 1955-2, 260, which holds that a semiprofessional baseball club is not exempt under section 501(c)(4) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must (in order to establish exemption under section 501(c)(4) of the Code) file Form 1024, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the

principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.